if so, whether this policy is being strictly observed by the State Governments;

if so, whether State Governments also have the responsibility to ensure proper end use and send back reports within 15 days;

how many State Governments have sent back end-use reports on the Rs. 20,000 crore grants; and

the steps proposed to ensure that the vast funds are properly used by Panchayats?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir.

Some States have reported delay in transferring of grants to Panchayats beyond the stipulated period of 15 days.

As per guidelines framed by the Ministry of Finance for release and utilisation of grants to local bodies recommended by the Twelfth Finance Commission (TFC), States shall constitute High Level Committee (HLC), headed by the State Chief Secretary, to ensure proper utilization of grants and State Governments have to send utilization certificates.

Utilisation reports have been received from 22 States in respect of grants released to them so far.

As per the above guidelines, in addition to HLC constituted at State level, committees have also been constituted in the Government of India, headed by Secretary, Department of Expenditure; and another headed by Secretary, Ministry of Panchayati Raj to review the releases and utilisation of grants by States.

Abolition of income tax on Co-operative Banks

1170. PROF. P.J. KURIEN: Will the Minister of FINANCE be pleased to state:

whether the National Co-operative Union has requested the abolition of income tax on Co-operative Banks;

if so, the details thereof; and

what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Government has received various representations from Members of Parliament, Union Ministers, State Ministers, various stake-holders and representative bodies against withdrawal of tax benefit available to co-operative banks under section 80P of the Income-tax Act, 1961.

In the representations, request has been made for restoration of the tax benefit under section 80P of the Income-tax Act to all the co-operative banks.

On consideration of the representations, the Government has not found feasible to accept the request made therein.